

Regular Session, 2013

HOUSE BILL NO. 688

BY REPRESENTATIVE JOHNSON

TAX CREDITS: Provides a credit against income and corporation franchise tax liability to certain businesses which offer essential services during emergency situations

1 AN ACT

2 To enact R.S. 47:6039, relative to tax credits; to authorize a tax credit against Louisiana
3 income and corporation franchise tax for certain businesses which offer essential
4 services during certain emergency situations; to provide for certain definitions; to
5 provide for eligibility; to provide for the amount of the tax credit; to provide for
6 certain requirements and limitations; to provide for an effective date; and to provide
7 for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:6039 is hereby enacted to read as follows:

10 §6039. Tax credit; businesses which offer essential services during certain
11 emergency situations

12 A. There shall be a credit against all Louisiana income or corporation
13 franchise taxes for businesses which offer essential services for qualified expenses
14 or investments made in preparation for the business to remain open to serve the
15 public during and immediately after an emergency situation or natural disaster. The
16 amount of the tax credit for qualified expenses or investments of less than twenty
17 thousand dollars shall be equal to the actual amount of the expenses or five thousand
18 dollars, whichever is less. The amount of the tax credit for qualified expenses or
19 investments in excess of twenty thousand dollars shall be equal to the actual amount
20 of the expenses or twenty-five thousand dollars, whichever is less. The tax credit

1 may be claimed each year qualified expenses or investments are incurred; however,
2 no taxpayer shall be granted a credit for more than three years in a five-year period.

3 B. For purposes of this Section, the following words shall have the following
4 meanings unless the context clearly indicates otherwise:

5 (1) "Emergency situation" shall mean and include the period of time in
6 which a mandatory evacuation order is issued by a local governing authority or a
7 gubernatorially declared disaster in anticipation of a weather event such as a
8 hurricane or tropical storm.

9 (2) "Essential services" shall mean and include services rendered to the
10 general public necessary to protect the health, welfare, and safety of the public.
11 Essential services shall include businesses which offer services such as gas stations,
12 pharmacies, grocery stores, hospitals, and network or radio broadcasting stations.

13 (3) "Qualified expenses or investments" shall mean and include expenses or
14 investments made by a business which offers emergency services to the public
15 during emergency situations in anticipation of preparing the business to remain open
16 during the emergency situation. Qualified expenses or investments shall include
17 expenses incurred for the purchase of generators, weatherproofing items such as
18 window coverings, and supplies necessary to sustain the business, including its
19 employees, during the emergency situation.

20 C. In order for the business to qualify for the tax credit, the business shall
21 remain open to the general public during the duration of the emergency situation.
22 Any business which closes for any portion of the emergency situation shall not be
23 eligible for the credit. In addition, the business shall post a sign in a prominent place
24 openly and easily viewed by the public that the business shall remain open during the
25 emergency situation. The taxpayer shall be responsible for retaining documentation
26 and records sufficient for the Department of Revenue to determine the taxpayer's
27 eligibility for and amount of the tax credit.

28 D. The credit authorized by the provisions of this Section shall be taken as
29 a credit against the applicable tax or taxes of the taxpayer in the taxable period in

1 which the qualified expenses or investments are incurred. If the amount of the tax
2 credit exceeds the Louisiana income or corporation franchise tax liability of the
3 taxpayer, then any unused or excess credit may be carried forward for a period not
4 to exceed ten years.

5 Section 2. This Act shall become effective upon signature by the governor or, if not
6 signed by the governor, upon expiration of the time for bills to become law without signature
7 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
8 vetoed by the governor and subsequently approved by the legislature, this Act shall become
9 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Johnson

HB No. 688

Abstract: Authorizes a tax credit against all La. income or corporation franchise taxes for businesses which offer essential services for qualified expenses or investments made in preparation for the business to remain open to serve the public during an emergency situation or natural disaster.

Proposed law authorizes a tax credit against all La. income or corporation franchise taxes for businesses which offer essential services for qualified expenses or investments made in preparation for the business to remain open to serve the public during and immediately after an emergency situation or natural disaster. The amount of the tax credit for qualified expenses or investments of less than \$20,000 shall be equal to the actual amount of the expenses or \$5,000, whichever is less. The amount of the credit for qualified expenses or investments in excess of \$20,000 shall be equal to the actual amount of the expenses or \$25,000, whichever is less. No taxpayer shall be granted a credit for more than three years in a five-year period.

Proposed law defines "essential services" as services rendered to the general public necessary to protect the health, welfare, and safety of the public. Further defines an "emergency situation" as the period of time in which a mandatory evacuation order is issued by a local governing authority or a gubernatorially declared disaster in anticipation of a weather event such as a hurricane or tropical storm.

Proposed law provides that "qualified expenses or investments" are expenses or investments made by a business which offers emergency services to the public during emergency situations in anticipation of preparing the business to remain open during the emergency situation.

Proposed law provides that in order for a business to qualify for the tax credit, the business shall remain open to the general public during the duration of the emergency situation. Additionally, the business shall post a sign in a prominent place easily viewed by the public that the business shall remain open during the emergency situation. Any business which closes for any portion of the emergency situation shall not be eligible for the credit.

Proposed law provides that if the amount of the tax credit exceeds the taxpayer's tax liability, then any unused or excess credit may be carried forward for a period not to exceed 10 years.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 47:6039)